

Media Release:

# Land Bank of Taiwan Ratings Affirmed At 'twAA+/twA-1+' On Stable Government Support; Outlook Stable

May 28, 2026

## Overview

- **Land Bank of Taiwan's** asset liability management is likely to keep its funding profile at the local industry average over the next one to two years. We now assess the bank's funding profile as adequate compared with strong previously.
- We view the bank's overall funding and liquidity profile remains neutral to the ratings.
- We have affirmed our 'twAA+' long and 'twA-1+' short-term issuer credit ratings on Land Bank.
- The stable rating outlook reflects our view of a high likelihood that the Taiwan government would provide timely support to Land Bank over the next one to two years should the bank face financial distress.

## Rating Action

Taiwan Rating Corp. today affirmed its 'twAA+' long- and 'twA-1+' short-term issuer credit ratings on Land Bank of Taiwan. The outlook on the long-term rating is stable.

## Rationale

**The rating affirmation reflects our view that the Taiwan government will continue to provide full and timely support to Land Bank, if needed.** The issuer credit rating on Land Bank is three notches higher than our assessment of the bank's stand-alone credit profile. We assess Land Bank as a government-related entity with a high likelihood of financial support from the Taiwan government in times of financial stress to maintain confidence in local financial markets. This reflects the bank's important role in supporting the real estate-related market, and integral link to the government backed by full government ownership.

**The strength of Land Bank's funding profile is likely to be about the domestic peer average in 2026-2027.** This mainly reflects the bank's slightly declining deposit market share since 2023 due to below-average deposit growth under the bank's asset liability management strategies to control funding costs. The bank's stable funding ratio remains relatively unchanged at 114.6% with adequate funding profile as of the end of 2025, which is about the industry average.

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**The ratings also reflect our assessment of Land Bank's good domestic franchise, especially in real estate lending, given the bank's 100% government-owned image.** Counterbalancing strengths for the ratings include Land Bank's adequate, albeit below-average capitalization and profitability among domestic peers, and higher concentration risk on property-related lending.

## Outlook

The stable rating outlook on Land Bank reflects our view of a high likelihood that the Taiwan government would provide full and timely support to the bank in times of financial distress. The outlook also reflects our view that the bank will pursue a prudent capital policy and prudent loan book growth to maintain its RAC ratio above 7% over the next one to two years.

### Downside scenario

We may lower the long-term rating on Land Bank if:

- The RAC ratio drops below 7% over the next two years;
- The bank's asset quality materially deteriorates with above-average credit losses or weaker underwriting controls over the same period; or
- We believe there is reduced likelihood of government support, either due to the bank's weakened policy role or link to the government.

### Upside scenario

We view the likelihood of an upgrade to be remote over the next one to two years. However, we could upgrade Land Bank if its capitalization improves over the next one to two years, as demonstrated by a sustained increase in the RAC ratio above 10% over the period, accompanied by signs of satisfactory asset quality and prudent capital management.

## Rating Component Scores

### Land Bank of Taiwan--Rating Component Scores

Issuer Credit Rating	twAA+/Stable/twA-1+
SACP	bbb
▪ Anchor	bbb
▪ Business position	Adequate (0)
▪ Capital and earnings	Adequate (0)
▪ Risk position	Adequate (0)
▪ Funding and liquidity	Adequate and adequate (0)
▪ Comparable ratings analysis	0
Support	3
▪ Additional loss-absorbing capacity (ALAC) support	0
▪ GRE support	3
▪ Group support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

## Related Criteria & Research

### Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - May 05, 2026
- General Criteria: Hybrid Capital: Methodology And Assumptions - October 13, 2025
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - December 09, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology - December 09, 2021
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023

### Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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## Ratings List

### Ratings Affirmed

#### Land Bank of Taiwan

Issuer Credit Rating	twAA+/Stable/twA-1+
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.taiwanratings.com](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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